

Following are summaries of action items arising from public meetings on MMS proposed oil valuation rule: Houston, 3/24/99, and Albuquerque, 3/25/99.

### **INDUSTRY'S COMPARABILITY MODEL**

- Three Questions for industry:
  - 1) Does the weighted average (20 % proposal) include A/L sales onshore?
  - 2) What contracts are included in the wtd. average (e .g., buy/sells)?
  - 3) Consider larger percent of lessee's total production. How many purchases? What percent of the 20% did each sale/purchase constitute?
- Inventory of state severance tax rates (MMS)
- Cook Inlet production (MMS consider alternatives)
- Consider committing to time frame for which comparability model would apply (Industry)

### **DEFINITION OF AFFILIATE**

- Review industry proposal for rebutting presumption of control (MMS)
- Opposing economic interests–MMS consider explicit criteria in rule/preamble?

## **BINDING DETERMINATIONS**

- Time frames? (MMS/industry)
- Precedential value? (MMS/industry)
- Look at DOT & IRS language and Business Review (DOJ) (MMS/industry)
- Bring other options (States?) (All)

## **SECOND-GUESSING**

- 206.102(d)(3) Industry to suggest rewrite
- 206.106 MMS consider revising second sentence to include "To extent reduced" language
- 206.102(c)(2)(ii) Remove third sentence; add examples to preamble  
(7/16/98 proposal) (both industry & MMS)

## **TRANSPORTATION**

- Ceiling on ROR (Industry)
- Risk (Industry to identify)
- Cost of capital analysis from July '98 (MMS)
- Published tariffs (Valdean Severson proposal–industry/MMS to consider)
- Value of service vs. Cost of service (Further MMS/industry discussion)
- Weighted. average cost of capital (Further MMS/industry discussion)
- Why transportation is different for FERC vs. MMS (MMS)